

Message Text

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ACTION EA-14

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NSAE-00 NSC-07 PA-04 RSC-01 DRC-01 DPW-01 PRS-01

OMB-01 SS-20 SSO-00 INRE-00 /117 W

----- 020934

O R 041100Z SEPT 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 8386

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS UNN

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA

CINCPAC

CINCPACAF

CINCPACFLT

CINCUSARPAC

DEPCHIEF JUSMAAG UDORN

USDAO/SAIGON

AMEMBASSY LONDON

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY MANILA

AMEMBASSY STOCKHOLM

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AMEMBASSY VIENTIANE
AMEMBASSY MOSCOW
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON

C O N F I D E N T I A L SECTION 1 OF 3 SAIGON 11578

EO 11652: GDS
TAGS: PINT PFOR ECON VS
SUBJ: EMBASSY SAIGON'S MISSION WEEKLY FOR AUGUST 31 - SEPTEMBER
4, 1974

BANGKOK ALSO PASS OSA; DEPT ALSO FOR AID/W; CINCPAC FOR POLAD;
DOD FOR USAJFKCMA ATTN: ATCS-WL-DSA

THE WEEK IN SUMMARY

--THE CEASEFIRE

--OIL***

--HOA BINH CLOSES ITS DOORS

--CHINH LUAN EDITOR BRIEFLY DETAINED

--BUDDHIST LEADERS CONTINUE PEACE PARLEYS

--PRESIDENT THIEU RECEIVES ADMIRAL GAYLER

--BUDDHIST MONK ATTEMPTS SELF-IMMOLATION

--ETHNIC MINORITIES DEVELOPMENT DAY

--GAMBIAN FOREIGN MINISTER VISITS SAIGON

--"PRG" ISSUE CONTAINED AT WORLD POPULATION CONFERENCE

--RVN LEGISLATORS ORGANIZE TO REMAIN IN IPU

--OIL RIG MOVES

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--VISIT OF EXPORT-IMPORT BANK CHAIRMAN

--GOVERNMENT POSTPONES GVN MONOPOLY OF SAIGON MEAT BUSINESS

--FOOD PRICES UP SHARPLY

--BLACK MARKET RATE BACK TO PAR

I. INTERNAL

A. THE CEASEFIRE

THE OVER-ALL LEVEL OF MILITARY ACTIVITY IN VIETNAM DROPPED OFF THIS WEEK, WITH ONLY MR-1 EXPERIENCING A SLIGHT INCREASE IN THE NUMBER OF INCIDENTS. THE INTENSITY OF FIGHTING WAS LOWER AS WELL. THE MOST SIGNIFICANT ACTION IN MR-1 SHIFTED TO NORTH OF THE HAI VAN PASS AS COMMUNIST FORCES CAPTURED, AT A HEAVY COST TO THEMSELVES, SEVERAL HILLTOP POSTS IN THUA THIEN PROVINCE. SOUTH OF THE HAI VAN PASS THE ACTION DECREASED. GVN FORCES WERE SLOWLY REENTERING AREAS SEIZED BY THE COMMUNISTS IN PHANG NAM. HOWEVER, IN QUANG NGAI PROVINCE, THE COMMUNISTS CONTINUED TO FOLLOW UP ON RECENT GAINS IN MINH LONG AND NGHIA HANH DISTRICTS BY OVERRUNNING SEVERAL OUTPOSTS SOUTH AND WEST OF NGHIA HANH DISTRICT TOWN.

FOR THE SECOND WEEK MILITARY ACTIVITY IN MR-2 DECLINED, BOTH IN NUMBERS AND INTENSITY. THE DECLINE WAS REFLECTED IN CASUALTY FIGURES AS CASUALTIES FOR BOTH THE GVN AND THE COMMUNISTS DROPPED. THE ARVN OFFENSIVE WEST OF BONG SON AND IN WESTERN PHU MY DISTRICT OF BINH DINH PROVINCE SLOWED ALMOST TO A STANDSTILL, AND THE MILITARY SITUATION IN THE PROVINCE REMAINS ESSENTIALLY THE SAME. THE ATTACKS ON PLEI ME CAMP AND FIRE BASE 711 IN PLEIKU CONTINUED AND DESPITE ESPECIALLY HEAVY ATTACKS THIS WEEK BOTH CAMPS ARE STILL HOLDING. PHU YEN AND KONTUM PROVINCES WERE GENERALLY QUIET, A RARITY FOR KONTUM.

OTHERWISE LIGHT ACTION IN KHANH HOA PROVINCE WAS PUNCTUATED BY A THREE-ROUND ROCKET ATTACK ON NHA TRANG AIRBASE, AND THE DESTRUCTION BY COMMUNIST FORCES OF A LATEX PROCESSING PLANT IN DIEN KHANH DISTRICT.

THE WEEK SAW A PAUSE IN THE THREE PRINCIPAL AREAS OF COMMUNIST
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MAIN FORCE PRESSURE -- NORTHERN BIEN HOA, THE BEN CAT AREA OF BINH DUONG AND TAY NINH. IN TAY NINH COMMUNIST PRESSURE TOOK THE FORM OF ABFS AND LIMITED GROUND ACTIONS. THIS PATTERN WAS ALSO FOLLOWED IN BINH DUONG AND BIEN HOA PROVINCES. AT THE END OF THE REPORTING PERIOD THE GVN HAD BEGUN A MAJOR THRUST NORTHEAST OF BIEN HOA WITH THE OBJECTIVE OF PUSHING COMMUNIST FORCES OUT OF ROCKET AND ARTILLERY RANGE OF BIEN HOA AIRBASE.

MILITARY ACTIVITY DECLINED SHARPLY THIS WEEK THROUGHOUT THE DELTA AND CASUALTIES ON BOTH SIDES WERE DOWN. ACTIVITY IN KIEN PHONG REMAINED HIGH, HOWEVER, A JOINT POLICE/MILITARY OPERATION IN KIEN HOA RESULTED IN THE CAPTURE OF 54 VC AND VI. THERE WERE SEVERAL TERRORIST-TYPE INCIDENTS IN MR-4.

IN THE TWO MOST RECENT ICCS MEETINGS, POLISH AND HUNGARIAN UNWILLINGNESS TO FULFILL THEIR RESPONSIBILITIES WAS FORMALLY RECORDED IN THE MINUTES OF THE MEETING. A HUNGARIAN PROPOSAL OFFERING A HUNGARIAN AS THE NEW DIRECTOR GENERAL WAS WITHDRAWN WHEN THE IRANIANS SUGGESTED THAT THE POLES WOULD THEN HAVE TO GIVE UP THE POSITIO OF DIRECTOR OF FINANCE IN KEEPING WITH THE PRINCPOLE OF NATIONAL BALANCE.

THE COMMUNIST BOYCOTT OF THE PFJMT/TPJMC SESSIONS CONTINUED.

B. OIL***

THE GOVERNMENT'S OFFICIAL ANNOUNCEMENT ON AUGUST 28 OF FAVORABLE OIL SHOWINGS AT THE PECTEN OFFSHORE DRILLING SITE WAS CAREFULLY LIMITED TO THE REPORT THAT (1) OIL SHOWINGS HAD BEEN FOUND, (2) THE OIL WAS OF GOOD QUALITY, AND (3) ROCK POROSITY WAS FAVORABLE (SAIGON 11326). THE GOVERNMENT CLEARLY INDICATED THAT IT WAS TOO EARLY TO TELL IF OIL WAS AVAILABLE IN QUANTITIES THAT WERE COMMERCIALY EXPLOITABLE. TRADE AND INSUDTRY MINISTER NGUYEN DUC CUONG WAS, HOWEVER, OBVIOUSLY HAPPY AND EXCITED BY THE PROSPECT OF A VIETNAM OIL STRIKE AND HIS MOOD AND OPTIMISM HAVE BEEN ECHOED EXTENSIVELY BOTH IN THE PRESS AND IN STATEMENTS BY POLITICAL LEADERS. THE PRESS HAS, FOR INSTANCE, SPOKEN OF THE EVENT AS A "NEW PAGE OF HISTORY". IT IS CLAIMED THAT VIETNAMESE OIL DEPOSITS ARE AS IMPORTANT AS THOSE IN THE MIDEAST, AND THERE HAS BEEN TALK OF SENDING THE VIETNAMESE NAVY TO DEFEND THE NEW OFFSHORE OIL RICHES. THERE HAVE BEEN SUGGESTIONS THAT THE

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CONSTRUCTION OF AN OIL REFINERY PLANT AT VUNG TAU IS IMMINENT AND A PROSPECTIVE BOOMTOWN ATMOSPHERE IS REPORTED FROM VUNG TAU. IT IS PROPOSED THAT FERTILIZER PLANTS NOW BE ESTABLISHED IN VIETNAM TO PROVIDE CHEAP FERTILIZER FOR THE AGRICULTURE SECTOR. FOREIGN LOANS, THE PRESS SUGGESTS, WILL NOW BECOME FAR MORE READILY AVAILABLE. POLITICIANS HAVE SPOKEN GLOWINGLY OF THE PROSPECTS FOR VIETNAM FROM THE OIL STRIKE. ALTERNATIVELY, THE QUESTION OF INSURING APPROPRIATE CONTINUING GOVERNMENT CONTROL OF VIETNAM'S NATURAL RESOURCES HAS BEEN RAISED, BOTH IN THE PRESS AND BY POLITICIANS.

A FEW DAYS AFTER THE INITIAL ANNOUNCEMENT, SOME DOUBTS HAVE APPEARED IN THE PRESS, APPARENTLY SPARKED BY THE MORE CONSERVATIVE PUBLIC RELATIONS PRACTICES OF THE OIL COMPANIES THEMSELVES, AND PRESS PLAY ON THE SUBJECT HAS DROPPED OFF FAIRLY SHARPLY.

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C O N F I D E N T I A L SECTION 2 OF 3 SAIGON 11578

COMMENT: THE EXTREME AND EXUBERANT REACTION AT ALL LEVELS OF THE POPULATION TO THE VERY TENTATIVE ANNOUNCEMENT OF A SHOWING OF OIL REFLECTS THE DEEP CONCERN, THROUGHOUT THE SOCIETY, OVER THE PROSPECT OF REDUCED AMERICAN MILITARY AND ECONOMIC ASSISTANCE TO VIETNAM. THE UNDERSTANDABLE EUPHORIA WAS REALLY A SIGN OF RELIEF AT WHAT WAS PERCEIVED AS A POSSIBLE WAY OUT OF THEIR DIFFICULTIES. SOME VIETNAMESE HAVE SPOKEN OF THE OIL STRIKE AS "ONE OF THE LEVERS TO BRING PEACE TO VIETNAM SOON." HOWEVER, A MORE CONSERVATIVE HANDLING OF THE SUBJECT IS NOW BEING FOLLOWED BY POLITICIANS AND IN THE PRESS.

C. HOA BINH CLOSES ITS DOORS

HOA BINH, A CATHOLIC-ORIENTED DAILY, CEASED PUBLICATION AUGUST 31 ALLEGEDLY IN PROTEST AGAINST CURRENT PRESS LEGISLATION AND CENSORSHIP. THE PAPER VOLUNTARILY CLOSED DOWN AFTER BEING CONFISCATED FIVE TIMES IN TWENTY DAYS. IN ITS FINAL ISSUE THE PUBLISHER, FATHER TRAN DU, TOLD READERS ITS DIFFICULTIES HAD INCREASED EVER SINCE THE PAPER CLAIMED TO BE A SUPPORTER OF THE POPULAR FRONT AGAINST CORRUPTION, A MOVEMENT RECENTLY LAUNCHED BY CATHOLIC PRIEST TRAN HUU THANH. THE PAPER CLAIMS IT HAS LOST SOME VN\$10 MILLION THROUGH THE CONFISCATIONS. A GOVERNMENT SPOKESMAN, IN AN INTERVIEW WITH THE SEMI-OFFICIAL VIETNAM PRESS, STATED THAT HOA BINH WAS CONFISCATED BECAUSE IT HAD CONTINUALLY VIOLATED THE PRESS CODE, PARTICULARLY ARTICLES WHICH "DISSEMINATED GROUNDLESS NEWS SOWING CONFUSION AMONG THE MASSES TO THE DETRIMENT OF PUBLIC ORDER AND NATIONAL SECURITY AND OFFENSES AGAINST TRADITIONAL CUSTOMS AND GOOD MORALS".

COMMENT: THERE HAVE BEEN IN RECENT WEEKS AN INCREASED NUMBER OF CONFISCATIONS OF INDIVIDUAL PRESS ISSUES, INCLUDING FIVE ISSUES OF HOA BINH IN THE PAST MONTH. ON THE OTHER HAND, SEVERAL OTHER PAPERS HAVE BEEN TREATED SIMILARLY, AND THERE IS NO EVIDENCE THAT HOA BINH HAS BEEN SINGLED OUT FOR SPECIAL TREATMENT. IT HAS BEEN SUGGESTED THAT HOA BINH'S ACTION MAY HAVE

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BEEN BASED PRIMARILY ON ECONOMIC GROUNDS.

D. CHINH LUAN EDITOR BRIEFLY DETAINED

ON SEPTEMBER 3 THE INFLUENTIAL DAILY CHINH LUAN ANNOUNCED IN A FRONT PAGE STORY THAT ITS SENIOR EDITOR, NGUYEN THAI LAN WAS BEING HELD BY THE NATIONAL POLICE. HE WAS REPORTEDLY CHARGED WITH AN "ERRONEOUS REPORT" ON THE ILLEGAL EXPORT OF SCRAP METAL

INVOLVING A NUMBER OF PROMINENT GOVERNMENT OFFICIALS. THE FOLLOWING DAY THE VIETNAM PRESS REPORTED THAT MR. LAN WAS NOT BEING DETAINED BUT WAS "OFLY INVITED TO THE PROSECUTOR'S OFFICE" TO ANSWER SOME QUESTIONS CONCERNING A PREVIOUSLY PUBLISHED NEWS STORY. THE PROBLEM "WAS SOLVED SATISFACTORILY" ACCORDING TO A GOVERNMENT SPOESMAN.

COMMENT: NGUYEN NGOC BICH OF THE MINISTRY OF INFORMATION EXTERNAL AFFAIRS OFFICE INFORMED EMBASSY THAT WHAT WAS INVOLVED IN LAN'S CASE WAS NOT PRESS LAW 007 BUT THE SAFEGUARDING OF OFFICIAL SECRETS. APPARENTLY, A CHINH LUAN REPORTER HAD BEEN THE ONE RESPONSIBLE FOR THE LEAK AT THE JOINT GENERAL STAFF, IN REACTION TO WHICH THE SAIGON PRESS AGENCIES WERE CLOSED (SAIGON 10711). THE SAME REPORTER OBTAINED INFORMATION ON THE SCRAP EXPORT SCANDAL THROUGH A LEAK IN THE PRIME MINISTER'S OFFICE. ACCORDING TO BICH, THE INCIDENT WAS PART OF AN EFFORT TO CHECK SUCH LEAKS. LAN IS NOW RELEASED, AND IT SEEMS LIKELY THE GVN CONSIDERS THE CASE CLOSED. BICH COMMENTED CHINH LUAN HAD BROUGHT HEAVY EDITORIAL PRESSURE ON THE GVN FOR LAN'S RELEASE AND THAT HE FOUND IT NOTEWORTHY THAT, DESPITE CHARGES THERE IS NO PRESS FREEDOM IN SVN, THIS PRESSURE RESULTED IN LAN'S PROMPT RELEASE.

E. BUDDHIST LEADERS CONTINUE PEACE PARLEYS
PREVIOUS PRESS REPORTS WHICH SUGGESTED THAT A BUDDHIST PLAN OF ACTION FOR THE PURSUIT OF PEACE MIGHT BE READY FOR PUBLIC PROTEST ON ALL SOULS' DAY, SEPTEMBER 1, PROVED TO BE OVEROPTIMISTIC. THE PRESS CONTINUES, HOWEVER, TO GIVE VERY HEAVY PLAY TO THE EFFORTS OF BUDDHIST LEADERS TO ACHIEVE A MORE DEFINITIVE POSITION ON THIS SUBJECT, WITH SPECIAL ATTENTION BEING GIVEN TO REPORTED MEETINGS BETWEEN SENATOR VU VAN MAU AND TICH TRI QUANG.

F. PRESIDENT THIEU RECEIVES ADMIRAL GAYLER
CINCPAC ADMIRAL NOEL GAYLER PAID A SHORT VISIT TO SAIGON AUGUST
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30-31. HE WAS BRIEFED BY EMBASSY AND DAO OFFICIALS ON RVNAF PLANNING TO ADJUST TO THE FY 75 \$700 MILLION MILIRARY ASSISTANCE APPROPRIATION. ADMIRAL GAYLER ALSO MET WITH PRESIDENT THIEY FOR A DISCUSSION OF MILITARY ASSISTANCE AND THE TACTICAL MILITARY SITUATION. PRESS COVERAGE OF THE ADMIRAL'S VISIT WAS LIGHT ALTHOUGH THE INDEPENDENT SONG THAN SPECULATED THAT HE WAS A SPECIAL ENVOY OF PRESIDENT FORD CONVEYING A MESSAGE ABOUT A POSSIBLE CEASEFIRE AGREEMENT REACHED AT LA CELLE SAINT CLOUD.

G. BUDDHIST MONK ATTEMPTS SELF-IMMOLATION
ANOTHER ANTI-COMMUNIST PROTESTOR ATTEMPTED TO COMMIT SUICIDE BY SELF-IMMOLATION ON SEPTEMBER 2 IN FRONT OF SAIGON CITY HALL. A 23-YEAR OLD BUDDHIST MONK, VEN. THICH BUU TUYEN, WAS SAVED BY THE POLICE AND IS PRESENTLY RECEIVING HOSPITAL TREATMENT FOR

SEVERE BURNS.

THE GOVERNMENT CONTINUED DURING THE PAST WEEK BOTH TO ATTEMPT TO DISCOURAGE FURTHER SUCH ACTS AND TO WIDELY PUBLICIZE, BY MEANS OF WALL POSTERS AND COMMERATIVE MEETINGS, THE SACRIFICES OF THE THREE PRIOR VICTIMS OF SELF IMMOLATION. IRONICALLY, 10,000 GOVERNMENT PERSONNEL, MILITARY OFFICIALS AND CIVILIANS WERE REPORTED TO BE ATTENDING MEMORIAL SERVICES AT VARIOUS PAGODAS IN SAIGON'S ELEVEN PRECINCTS FOR THE EARLIER MARTYRS AT THE TIME OF THIS LATEST DEMONSTRATION.

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C O N F I D E N T I A L SECTION 3 OF 3 SAIGON 11578

H. ETHNIC MINORITIES DEVELOPMENT DAY
ON THE SEVENTH ANNIVERSARY OF THE PROMULGATION OF THE ETHNIC MINORITIES DEVELOPMENT STATUTE PRESIDENT THIEU ISSUED A LETTER TO ALL MEMBERS OF ETHNIC MINORITIES THROUGHOUT THE COUNTRY. HE RECALLED HIS CONCERN FOR THE WELFARE OF THE ETHNIC MINORITIES, THE STEADY INCREASE IN THE BUDGET OF THE ETHNIC MINORITIES DEVELOPMENT MINISTRY, AND THE "HUNDREDS OF MILLIONS OF PIASTERS" DONATED BY PRIVATE BENEFACTORS AND SOCIAL ORGANIZATIONS IN THE COUNTRY AND FROM ABROAD. HE ALSO POINTED TO THE LACK OF GOOD WILL OF THE COMMUNISTS TOWARD SOUTH VIETNAMESE PEOPLE AND THEIR CONTINUING VIOLATION OF THE PARIS PEACE AGREEMENT. HE CALLED ON THE ETHNIC MINORITIES TO PARTICIPATE ACTIVELY IN ALL SECURITY DEVELOPMENT PROGRAMS.

II. EXTERNAL

A. GAMBIAN FOREIGN MINISTER VISITS SAIGON
GAMBIAN FOREIGN MINISTER N'JIE ARRIVED IN SAIGON SEPT 2 FOR A FOUR-DAY VISIT. AT HIS ARRIVAL PRESS CONFERENCE HE STATED GAMBIA WOULD SUPPORT RVN IN INTERNATIONAL FORUMS AND WOULD CALL ON OTHER MEMBERS OF THE OAU TO DO LIKEWISE, AND IN A SPEECH THE SAME EVENING DECLARED THAT HIS GOVERNMENT RECOGNIZED THE ONLY LEGAL GOVERNMENT IN SVN WAS THAT OF PRESIDENT THIEU.

B. "PRG" ISSUE CONTAINED AT WORLD POPULATION CONFERENCE
GVN DELEGATION ATTENDED WORLD POPULATION CONFERENCE IN BUCHAREST AUGUST 19-29. QUESTION OF "PRG" PARTICIPATION IN WPC NEVER CAME TO A FLOOR VOTE, ALTHOUGH A NUMBER OF DELEGATIONS PUT THEIR VIEWS FAVORING "PRG" ON THE RECORD. ISSUE WAS SUBJECT OF MUCH BEHIND-THE-SCENES MANEUVERING AND WAS ALSO RAISED IN CREDENTIALS COMMITTEE WHERE GVN HAD 5 TO 4 EDGE. DRV BOYCOTTED CONFERENCE BECAUSE "PRG" WAS NOT INVITED. GVN IS HAILING OUTCOME IN WPC

AS ANOTHER VICTORY IN ITS SERIES OF DIPLOMATIC TRIUMPHS OVER
THE COMMUNIST SIDE.

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C. RVN LEGISLATORS ORGANIZE TO REMAIN IN IPU
SOUTH VIETNAMESE LEGISLATORS HAVE EMBARKED ON CAMPAIGN TO
BOLSTER THEIR POSITION AT THE UPCOMING IPU CONFERENCE IN TOKYO
(OCT 1-11), WHERE A CHALLENGE TO THEIR PRESENCE IS EXPECTED.
SENATOR LE VAN DONG, VIET-NAM IPU CHAPTER CHAIRMAN HAS PUT
TOGETHER A THOROUGH EXPOSITION OF THE CASE OF THE GVN AND IS
VISITING JAPAN, MEXICO AND THE U.S. TO CEMENT SUPPORT AND TO DEVELOP
A STRATEGY TO COUNTER A POSSIBLE CHALLENGE AT THE CONFERENCE.
IN ADDITION, VIETNAMESE LAW-MAKERS HAVE INVITED PARLIAMENTARY
DELEGATIONS FROM 41 COUNTRIES TO VISIT VIET-NAM IN CONJUNCTION
WITH THE TOKYO MEETING. FIFTEEN HAVE ACCEPTED, AT LEAST TENT-
ATIVELY. THE MINISTRY OF FOREIGN AFFAIRS HAS ALSO INSTRUCTED GVN
MISSIONS ABROAD TO LOBBY HOST COUNTRY GOVERNMENTS AND
LEGISLATORS FOR SUPPORT AT TOKYO.

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III. ECONOMIC

A. OIL RIG MOVES

THE CITIES SERVICE-PECTEN VIETNAM OIL RIG HAS MOVED TO A NEW
POSITION APPROXIMATELY 30 MILES NORTHEAST OF WHERE IT STRUCK
OIL ON AUGUST 28, AND STARTED DRILLING A NEW HOLE ON SEPTEMBER 1.
THE INITIAL DRILLING HAD BEEN FOR TEST PURPOSES ONLY AND THE EVID-
ENCE PRODUCED WAS NOT SUFFICIENT TO ESTABLISH THAT OIL EXISTS IN
COMMERCIALY EXPLOITABLE QUANTITIES. THE NEW HOLE WILL BE DEEPER
THAN THE FIRST, 14,000 FEET, AND DRILLING IS EXPECTED TO TAKE
ABOUT SIX WEEKS.

B. VISIT OF EXPORT-IMPORT BANK CHAIRMAN

THE CHAIRMAN OF THE U.S. EXPORT-IMPORT BANK, MR. WILLIAM CASEY,
VISITED SAIGON DURING AUGUST 28-30 ALONG WITH MEMBERS OF HIS
STAFF, MEETING WITH KEY GVN AND MISSION OFFICIALS. MR. CASEY
EXPRESSED CAUTIOUS OPTIMISM AS TO THE PROSPECTS FOR BANK
FINANCING OF ONE OR MORE DEVELOPMENT PROJECTS.

C. GOVERNMENT POSTPONES GVN MONOPOLY OF SAIGON MEAT BUSINESS
MINISTER OF TRADE AND INDUSTRY CUONG DECIDED AT THE LAST
MINUTE TO CANCEL AN ORDER THAT WOULD HAVE CLOSED ALL SLAUGHTER-
HOUSES IN GIA DINH PROVINCE, THUS MAKING BOTH THE PROVINCE AND
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SAIGON CITY DEPENDENT SOLELY ON THE GOVERNMENT OWNED VIETNAM MEAT INDUSTRY (VISSAN) FOR BEEF, PORK, AND BUFFALO MEAT. IN CANCELLING THE ORDER, SCHEDULED TO GO INTO EFFECT ON AUGUST 30, CUONG WAS BOWING TO PRESSURE FROM THE 38 MEAT WHOLESALERS WHO USED TO RUN THE CHANH HUNG SLAUGHTERHOUSE IN SAIGON, FROM OTHER WHOLESALE BUTCHERS IN GIA DINH, AND FROM RETAIL BUTCHERS WHO WERE VOCIFEROUSLY SUPPORTED BY THE LOCAL CATHOLIC CLERGY. IT IS EXPECTED THAT VISSAN WILL CONTINUE WITH ITS PLANS TO ORGANIZE ITS OWN MARKETING AND DISTRIBUTION SYSTEM AND THAT IT WILL PROBABLY MAKE ANOTHER ATTEMPT TO CLOSE THE GIA DINH SLAUGHTERHOUSES AROUND THE END OF THE YEAR.

D. FOOD PRICES UP SHARPLY
THE FOOD PRICE PORTION OF THE USAID CONSUMER PRICE INDEX JUMPED 1.6 PERCENT DURING THE WEEK. MUCH OF THE INCREASE WAS ATTRIBUTED TO THE OCCURRENCE OF ALL SOULS DAY, REFLECTED IN SHARP INCREASES FOR SUCH RELATIVELY EXPENSIVE ITEMS AS DUCK, DUCK EGGS, SHRIMP, AND CHICKEN. VEGETABLE PRICES ALSO ROSE, APPARENTLY FOR SEASONAL REASONS; DALAT CABBAGE WAS UP 27 PERCENT AND CUCUMBERS, 37 PERCENT. RICE PRICES WERE STABLE. THE NON-FOOD PORTION OF THE INDEX ROSE 0.4 PERCENT ON THE STRENGTH OF A 10 PIASTER (17 PERCENT) INCREASE IN NEWSPAPER PRICES. THE OVERALL INDEX SHOWED A GAIN OF 1.1 PERCENT.

E. BLACK MARKET RATE BACK TO PAR
THE BLACK MARKET RATE FOR \$100 GREEN MOVED UP 7 PIASTERS TO 655, OR PARITY WITH THE OFFICIAL RATE. THE GOLD PRICE ROSE TO THE EQUIVALENT OF \$1.392 AN OUNCE, UP FROM \$1.376 THE WEEK BEFORE.
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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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